



Foreign Agricultural Service

**GAIN Report**

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## India

### Oilseeds and Products

### Government Raises Duty on Refined Edible Oils

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#### **Report Highlights:**

**India has increased its tariff on imports of refined edible oils to 27.5 percent, while leaving crude at 16.5 percent. The impact is likely to be minimal.**

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Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

New Delhi [IN1], IN

**Government Raises Duty on Refined Edible Oils:**

India has raised the tariff on imports of refined edible oils to 27.5 percent from the earlier level of 16.5 percent. Tariffs on crude edible oil and oilseeds remain unchanged at 16.5 percent and 46.5 percent, respectively. The hike is an effort to shore up domestic oilseed prices (which have fallen below government support levels) and to enhance crushing margins.

**Impact of Tariff Increase Thought to be Minimal:**

Post's estimate of current year imports remains unchanged as most traders believe the duty increase will have only a slight impact. RBD palmolein likely will continue to compete with crude soft oils as margins are thin. Although imports may decline initially, triggering stocks from previous imports to hit the market, they appear likely to recover as world prices soften. This will continue to depress domestic oilseed prices.

The tariff increase is thought to be one of several measures to be announced in the near future to encourage the extraction industry. Some trade sources also believe that the government will further rationalize the duty structure by reducing the oilseed tariff to 5 percent, something the crushers have been supporting for some time.